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APR 04 2001

Mr. Samuel J. Collins
U. S. Nuclear Regulatory Commission
Mail Station O-14-E21
Washington, DC 20555
10 CFR 50.80

**SUSQUEHANNA STEAM ELECTRIC STATION
FORMATION OF INTERMEDIARY PARENT COMPANY --
PPL ENERGY SUPPLY, LLC
PLA-5296**

**Docket Nos. 50-387
and 50-388**

Reference: PLA-5286, R. G. Byram to USNRC, "Formation of Intermediary Parent Company -- PPL Energy Supply, LLC," dated March 6, 2001.

This is to confirm that the above-referenced letter dated March 6, 2001 is an application for NRC consent to the proposed formation of PPL Energy Supply, LLC (PPL Energy Supply), as an intermediary parent company of PPL Susquehanna, LLC, (PPL Susquehanna), pursuant to 10 CFR 50.80. The information required by NRC in order to consent to the indirect transfer of control of NRC licenses that would occur upon formation of the intermediary parent company is provided on pages 2-4 of that letter. However, in response to a letter dated March 15, 2001 from Mr. Robert G. Schaaf, enclosed is additional information to support your review of our Application in the form of a restated Application for NRC Consent to Transfer of Licenses. An Affirmation confirming that the matters set forth in the attached are true and correct is enclosed.

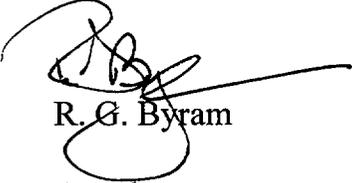
PPL Susquehanna is requesting that the NRC conduct an expedited review of this application for consent to the formation of an intermediary parent company pursuant to 10 CFR 50.80. The proposed corporate transaction has no adverse financial, technical, or safety implications, and NRC's expedited treatment of this application is important to PPL Corporation's efforts to facilitate financing arrangements that have the potential to enhance the cost-effectiveness of some of its operations.

A 001

The attached restated Application requests that NRC's consent be provided by May 28, 2001. PPL Susquehanna's parent companies have deferred certain financing activities that were originally planned for April of this year, and it is now very important that these activities be concluded by the first week of June of this year.

Any questions regarding this letter should be directed to Mr. R. R. Sgarro, Supervisor-- Nuclear Licensing, at 610-774-7552.

Sincerely,



R. G. Byram

Attachment

copy: NRC Region I

Mr. R. G. Schaaf, NRC Project Manager - OWFN

Mr. S. L. Hansell, Acting NRC Sr. Resident Inspector – SSES

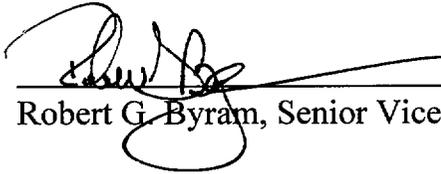
Mr. R. S. Wood, NRC - OWFN

Mr. S. R. Hom, NRC - OWFN

Mr. D. J. Allard, Pa. DEP

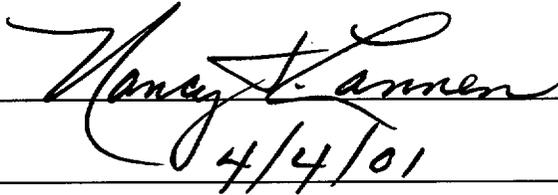
AFFIDAVIT

Robert G. Byram, being duly sworn, states that he is Senior Vice President and Chief Nuclear Officer of PPL Susquehanna, LLC; that he is authorized on the part of said company to sign and file with the Nuclear Regulatory Commission this Application for NRC Consent to Transfer of Licenses for the Susquehanna Steam Electric Station Operating Licenses Nos. NPF-14 and NPF-22, and that all statements and matters set forth herein are true and correct to the best of his knowledge.



Robert G. Byram, Senior Vice President and Chief Nuclear Officer

Subscribed and sworn to me:


4/4/01

Notary Public

My Commission Expires:

June 14, 2004



Notarial Seal
Nancy J. Lannen, Notary Public
Allentown, Lehigh County
My Commission Expires June 14, 2004

**APPLICATION FOR ORDER CONSENTING TO TRANSFER OF LICENSES
SUSQUEHANNA STEAM ELECTRIC STATION, UNITS 1 AND 2
(NRC FACILITY OPERATING LICENSE NOS. NPF-14 AND NPF-22)**

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I. INTRODUCTION

This Application requests the consent of the Nuclear Regulatory Commission (“NRC”) to the proposed indirect transfer of control of PPL Susquehanna, LLC's (PPL Susquehanna) interests in the Susquehanna Steam Electric Station, Units 1 & 2 (SSES). PPL Susquehanna is licensed to operate and to possess a 90% undivided ownership interest in SSES. The proposed indirect transfer of licenses does not involve Allegheny Electric Cooperative, Inc., the other owner of the units and co-holder of the licenses for SSES.

The proposed transfer involves an internal change in the structure of the parent company corporate entities that own PPL Susquehanna, which will result in PPL Energy Supply, LLC (PPL Energy Supply) becoming an intermediary, indirect parent company of PPL Susquehanna. The proposed transfer will not involve any changes to PPL Susquehanna, will not involve any transfer of assets to or from PPL Susquehanna, and will have no effect upon the management, organization, or day-to-day operations of SSES. In short, the proposed indirect transfer of control of the SSES licenses does not present any issue of safety or other regulatory significance to the NRC.

PPL Susquehanna is a wholly-owned, direct subsidiary of PPL Generation, LLC (PPL Generation), which is a wholly-owned, direct subsidiary of PPL Energy Funding Corporation (PPL Energy Funding). PPL Energy Funding, in turn, is a wholly-owned, direct subsidiary of PPL Corporation, whose shares are widely-held and publicly-traded on the New York Stock Exchange. PPL Energy Supply will be a wholly-owned, direct subsidiary of PPL Energy Funding. Upon receipt of the necessary regulatory approvals,

PPL Energy Supply will own some of the current subsidiaries now directly held by PPL Energy Funding, including PPL Generation, the direct parent of PPL Susquehanna. The following reflects the direct and indirect parent company structure of PPL Susquehanna before and after the proposed indirect transfer:

<u>Current Parent Company Structure</u>	<u>Post-Transfer Parent Company Structure</u>
PPL Corporation	PPL Corporation
/	/
PPL Energy Funding Corporation	PPL Energy Funding Corporation
/	/
PPL Generation, LLC	PPL Energy Supply, LLC
/	/
PPL Susquehanna, LLC	PPL Generation, LLC
	/
	PPL Susquehanna, LLC

II. STATEMENT OF PURPOSE OF THE TRANSFERS AND NATURE OF THE TRANSACTION MAKING THE TRANSFERS NECESSARY OR DESIRABLE

The formation of PPL Energy Supply is necessary to facilitate certain financing arrangements, in order to more effectively organize and conduct the generation business and certain other businesses currently owned by PPL Energy Funding. PPL Energy Supply will become the primary funding vehicle for the issuance of debt and preferred securities for PPL Corporation's generation business, as well ascertain other businesses. It is anticipated that PPL Energy Supply will obtain an investment-grade securities rating on its senior unsecured debt, which will be used to the advantage of its various directly and indirectly owned subsidiaries, including PPL Susquehanna.

III. GENERAL CORPORATE INFORMATION REGARDING PPL ENERGY SUPPLY, LLC

There will be no change to any of the general corporate information regarding PPL Susquehanna and its other direct and indirect parent companies. Thus, the only additional corporate information relevant to this application relates to PPL Energy Supply, LLC.

A. Name of Proposed Indirect Parent Holding Company

The name for the proposed indirect parent holding company is PPL Energy Supply, LLC.

B. Address

Two North Ninth Street, Allentown, PA 18101

C. Description of Business or Occupation

PPL Energy Supply is a limited liability company organized under the laws of the State of Delaware, formed to become the direct parent company of certain current subsidiaries of PPL Energy Funding, including PPL Generation, PPL Global, LLC, and PPL EnergyPlus, LLC (PPL EnergyPlus).

D. Organization and Management

1. State of Establishment and Place of Business

PPL Energy Supply is a Delaware limited liability corporation with its principal place of business in the Commonwealth of Pennsylvania.

2. Board of Managers and Principal Officers

The names of the members of the Board of Managers of PPL Energy Supply and

its principal officers, all of whom are U.S. citizens with the same mailing address as PPL Energy Supply, will be as follows:

Board of Managers

James E. Abel
John R. Biggar
Robert J. Grey
William F. Hecht
Frank A. Long

Officers

William F. Hecht	President
Frank A. Long	Executive Vice President
John R. Biggar	Vice President
James E. Abel	Treasurer
Michael A. McGrail	Secretary

IV. FOREIGN OWNERSHIP OR CONTROL

The proposed change in the structure of intermediary corporate entities is entirely internal to the PPL Corporation family of companies. The stock of PPL Corporation is widely held and publicly traded, and the proposed transfer will not result in any change in the direct or indirect ownership or control of PPL Corporation, the ultimate controlling entity of the licensee. Neither PPL Corporation nor PPL Susquehanna is currently owned, controlled or dominated by an alien, a foreign corporation or a foreign government, and the formation of PPL Energy Supply as an intermediary holding company will not have any impact on this status. As noted above, the members of PPL Energy Supply's Board of Managers and principal officers are all citizens of the United States, and PPL Energy Supply will be a wholly-owned, indirect subsidiary of PPL Corporation.

V. TECHNICAL QUALIFICATIONS

PPL Susquehanna will continue to be the plant operator, and the technical qualifications of PPL Susquehanna will not be affected by the proposed indirect transfer. There will be no physical changes to SSES in connection with the transfers and no changes in the day-to-day operations of SSES. The SSES nuclear organization will continue to have clear and direct lines of responsibility and authority. The introduction of PPL Energy Supply as an indirect parent company will have no impact on the management of PPL Susquehanna, and it will not result in any personnel changes in the PPL Susquehanna organization.

VI. FINANCIAL QUALIFICATIONS

The financial qualifications of PPL Susquehanna will not be adversely affected by the proposed indirect transfer. The introduction of PPL Energy Supply as an indirect parent company will not result in any change to PPL Susquehanna's financial qualifications or to the existing decommissioning funding arrangements for SSES. PPL Susquehanna's current arrangements for the sale of energy from SSES to PPL EnergyPlus will remain in effect and will not be affected by the proposed indirect license transfer. The \$130 million funding commitment between PPL Corporation and PPL Susquehanna will remain in effect and will not be affected by PPL Energy Supply becoming an intermediary parent company of PPL Susquehanna.

PPL Susquehanna's current arrangements for the collection of decommissioning funding will remain in effect and will not be affected by the proposed indirect license

transfer. PPL Susquehanna has filed its decommissioning funding reports with the NRC under 10 CFR 50.75(b) and 10 CFR 50.75(f)(1) and is providing financial assurance for decommissioning its ownership interests in SSES in accordance with NRC's regulations through an external sinking fund in which deposits are made annually. After the proposed indirect license transfer, PPL Susquehanna will remain responsible for the decommissioning liabilities associated with its ownership interests in SSES and will continue to fund its decommissioning trusts for SSES in accordance with 10 CFR 50.75. The proposed indirect license transfer will have no effect upon PPL Susquehanna's decommissioning funding.

It is anticipated that PPL Energy Supply will obtain an investment-grade securities rating on its senior unsecured debt, which will be used to the advantage of its various directly and indirectly owned subsidiaries, including PPL Susquehanna. Thus, if anything, the proposed transfer will serve to enhance PPL Susquehanna's financial qualifications.

VII. ANTITRUST INFORMATION

This Application post-dates the issuance of the SSES operating licenses, and therefore no antitrust review is required or authorized. Based upon the Commission's decision in *Kansas Gas and Electric Co., et al.* (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 NRC 441 (1999), the Atomic Energy Act does not require or authorize antitrust reviews of post-operating license transfer applications.

VIII. RESTRICTED DATA AND CLASSIFIED NATIONAL SECURITY INFORMATION

This Application for proposed transfer does not contain any Restricted Data or other Classified National Security Information and does not involve any change in access to such Restricted Data or Classified National Security Information. PPL Susquehanna's existing restrictions on access to Restricted Data and Classified National Security Information are unaffected by the proposed transfer.

IX. ENVIRONMENTAL CONSIDERATIONS

The requested consent to transfer of the SSES licenses is exempt from environmental review because it falls within the categorical exclusion contained in 10 CFR 51.22(c)(21) for which neither an Environmental Assessment nor an Environmental Impact Statement is required. Moreover, the proposed transfer does not involve any amendment to the facility operating licenses or other change that would directly affect the actual operation of SSES in any substantive way. The proposed transfer does not involve an increase in the amounts, or a change in the types, of any radiological effluents that may be allowed to be released off-site, and involves no increase in the amounts or change in the types of non-radiological effluents that may be released off-site. Further, there is no increase in the individual or cumulative operational radiation exposure, and the proposed transfer has no environmental impact.

X. PRICE-ANDERSON INDEMNITY AND NUCLEAR INSURANCE

The proposed transfer has no effect on the existing Price-Anderson Indemnity and nuclear insurance for SSES.

XI. CONCLUSION

Based upon the forgoing information, PPL Susquehanna respectfully requests that the NRC promptly issue an Order consenting to the indirect transfer of control of the Facility Operating Licenses, Nos. NPF-14 and NPF-22, for its operating authority and 90% undivided ownership interests in SSES. PPL Susquehanna requests that NRC's consent be provided by May 28, 2001. PPL Susquehanna's parent companies have deferred certain financing activities that were originally planned for April of this year, and it is now very important that these activities be concluded by the first week of June of this year.